

## CHAPTER 30: MANUFACTURED HOME LOAN POOLS AND LOAN PACKAGES — SPECIAL REQUIREMENTS

### 30-1: OVERVIEW OF CHAPTER

This chapter describes special requirements that apply for a pool or loan package of manufactured home loans. The requirements described in this chapter may modify, supplement or, in some cases, repeat for the purpose of emphasis those set forth in previous chapters with respect to issuer eligibility and servicing requirements, loan eligibility, pool and loan package requirements, required pool and loan package submission documents, and the securities. Manufactured home loans may include loans secured by both a manufactured home and the lot it is on. The pool suffix is “MH”.

MH pools can be formed under both the Ginnie Mae I MBS Program and the Ginnie Mae II MBS Program.

### 30-2: ISSUER ELIGIBILITY AND SERVICING REQUIREMENTS

Issuer eligibility requirements that apply regardless of pool type are found in Chapters 2 and 3. The following requirements also apply for issuers of securities backed by MH loan pools.

#### *(A) FHA Approval*

The issuer must be an approved FHA Title I mortgagee in good standing.

#### *(B) Servicing*

Once a loan is included in a MH pool, it must be serviced by the issuer until liquidation. Loan servicing for an MH pool may not be performed by a subcontract servicer.

### 30-3: LOAN ELIGIBILITY, POOL, AND LOAN PACKAGE REQUIREMENTS

The mortgage eligibility, pool, and loan package requirements that apply, with limited exceptions, to all pool types are described in Chapter 9. Loans in MH pools or loan packages must also meet the following requirements:

#### *(A) Loan Requirements*

- (1) Security for loan: Each loan in an MH pool or loan package must be secured by a manufactured home unit, or by a manufactured home unit and a developed manufactured home lot acquired in a single transaction.
- (2) Insurance/guaranty: Each loan in an MH pool or loan package must be insured by FHA under Title I of the National Housing Act or guaranteed by the VA under chapter 37 of title 38, United States Code.

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### **Section 30-3(A)(2)** **(continued)**

The amount of the VA guaranty for a manufactured home unit must equal at least 50 percent of the remaining principal balance at the time the VA loan is pooled; for a combination manufactured home and lot loan, the amount of the VA guaranty must equal at least 35 percent of the remaining principal balance.

FHA and VA loans may be included in the same pool or loan package.

- (3) Interest rate: The face interest rate of the loan contract is the annual rate used by the lender in computing the amount of the interest payment due in each monthly installment and the rate used in determining loan amortization. Loans with different face interest rates may be included in a single pool or loan package if the lowest face interest rate is within 150 basis points (1.5%) of the highest. The face rates must be consistent with the securities rate (see Section 30-5).

A manufactured home loan, whether written as interest-bearing or with precomputed interest, must provide that interest will be earned as if the obligation were written as a simple interest transaction.

- (4) Monthly payments: Each loan must call for equal monthly payments, except for the first and last payments. The last payment may not exceed the normal monthly payment. The normal monthly payment for a loan consists of the principal and interest due and payable on the first of the month in accordance with an amortization schedule that provides for payment in full by the maturity date on the loan.

A combination manufactured home and lot loan for which total indebtedness is evidenced by more than one instrument must amortize as if there were a single amortization schedule.

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### ***Section 30-3(A) (continued)***

- (5) Start of Amortization: All loans must commence amortization no later than the month in which the issue date of the securities occurs.
- (6) Combination loan instruments: A combination loan to purchase a manufactured home and lot may be evidenced by either one loan instrument or separate instruments. Separate instruments must be:
  - (a) cross-collateralized so that a default on one will be deemed a default on both, permitting the issuer to have recourse against either or both parts of the collateral;
  - (b) written so that each instrument bears the same face rate of interest; and
  - (c) written so that payments are applied first to the interest portion on both loans on a pro rata basis and then to the principal portion of each on a pro rata basis.
- (7) Purpose of combination loan: A combination loan must have been made for the purpose of acquiring a manufactured home unit on a developed lot. The definitions of developed lot are those in use by the VA as provided in its VA Manufactured Home Handbook (VA Document 2683-1) and by FHA as provided in its Title I manufactured home loan regulations, found at 24 CFR part 201.
- (8) Modification agreements: A loan for which a modification agreement has been executed to reduce the interest rate may be included in a MH pool or loan package if the amount of the loan is not increased and the loan in all other respects meets Ginnie Mae's eligibility requirements.

The date of modification must be no more than 48 months prior to the issue date of the securities.

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### **Section 30-3(A)(8)** **(continued)**

The term of this kind of loan is the period from the date of modification to the final maturity date of the loan. The maturities of individual loans may be "rounded up" to the nearest full term. For example, a loan with a remaining term of 13 years and 2 months may be considered a 14-year loan.

### **(B) Pool and Loan Package Requirements**

- (1) Minimum pool and loan package balances: As of the date of issue, each Ginnie Mae I MH pool and each Ginnie Mae II MH custom pool must have an original principal amount of at least \$350,000. As of the date of issue, each Ginnie Mae II MH loan package must have an original principal amount of at least \$250,000.
- (2) Maturity: An MH pool may contain loans with different maturities, provided that:
  - (a) at least 50 percent of the original principal amount of the pool or loan package is in loans with an original term equal to that of the loan with the latest maturity in the pool or loan package; and
  - (b) no loan has a maturity that exceeds by more than 60 months the term of any other loan in the pool or loan package.

For maturity of loans subject to a modification agreement, see Section 30-3(A)(8).

### **30-4: REQUIRED DOCUMENTS**

The procedures and basic document submission requirements that apply, with limited exceptions, to all pool and loan package types are found in Chapters 10, 11, and 13.

### **(A) For Certification by Document Custodian**

The loan documents required for initial and final certification of a MH pool or loan package by the document custodian are the same as those required for SF pools and loan packages (see Section 13-4 and Chapter 24), except as modified by this section.

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### ***Section 30-4(A) (continued)***

Ginnie Mae recognizes that the laws governing filing, recordation, and perfection of security interests in manufactured homes may vary significantly from state to state. Perfection or recordation of manufactured home or lot security interests or liens is governed by the state laws relating to fixtures or goods under the UCC, real property law, or motor vehicle titling, as appropriate. Issuers must keep UCC filings current while a loan is in a pool or loan package.

It is the issuer's obligation to ensure that it has a valid, enforceable first lien or security interest on the manufactured home or manufactured home and lot and that it delivers to the document custodian all documents and unrecorded assignments necessary for Ginnie Mae to become the secured creditor or lien holder of record under applicable law.

- (1) For initial certification: The issuer must deliver the following documents to the document custodian for each loan:
  - (a) Original obligation endorsed in blank (see Note, below).
  - (b) Assignment to Ginnie Mae of the security agreement and all other security instruments (for example, assignments of the financing statement, the lien on the certificate of origin, or the lien on the certificate of title). The assignment must be in recordable form or capable of being perfected, but unrecorded or unperfected.

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### **Section 30-4(A)(1)(b)** **(continued)**

Note: If the credit transaction is evidenced only by a retail installment sales contract incorporating both the obligation and the chattel security agreement, instead of endorsing the obligation in blank and assigning the security agreement to Ginnie Mae, the issuer must endorse the retail installment sales contract in blank. In addition, the issuer must create and securely affix to the retail installment sales contract a separate document assigning the retail installment sales contract to Ginnie Mae in recordable form or form capable of being perfected, but unrecorded or unperfected.

- (c) Title, certificate of origin, bill of sale, or other evidence of borrower's ownership.
- (d) For a combination manufactured home and lot loan, the issuer must also deliver the following documents for the lot loan:
  - (i) original obligation endorsed in blank; and
  - (ii) an assignment to Ginnie Mae of the lien, mortgage, or other security agreement in recordable form but unrecorded.
- (2) For final certification: The issuer must deliver the following loan documents to the document custodian for each loan:
  - (a) A recorded or perfected original security agreement, financing statement, lien on the title certificate, retail installment sales contract, or other documentary evidence of a first lien against the manufactured home and its furnishings, equipment, accessories, or a lot and fixtures, if any, financed by the loan, with evidence of recordation or filing.

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### ***Section 30-4(A)(2)*** ***(continued)***

- (b) Recorded or perfected interim assignments that were not available at initial certification.
- (c) For FHA-insured loans, a copy or facsimile of the billing statement or other appropriate FHA form indicating FHA's acceptance of each pooled loan for insurance.
- (d) For VA-guaranteed loans, satisfactory evidence of VA guaranty, signed by VA.

The loan documents required for initial and final certification by the document custodian are summarized in the following table.

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### **Section 30-4(A) (continued)**

DOCUMENT	FORM NUMBER	APPENDIX
<b>FOR INITIAL CERTIFICATION</b>		
Schedule of Pooled Mortgages	HUD 11706	III-7
Release of Security Interest, executed original, if applicable	HUD 11711A	III-5
Certification and Agreement, executed original	HUD 11711B	III-5
Original obligations, endorsed in blank, without recourse		
Assignments of security instruments to Ginnie Mae, in recordable form but not recorded		
Evidence of borrower's ownership		
For combination home/lot loans: a) original obligations endorsed in blank; and b) assignments of security agreements to Ginnie Mae in recordable form but not recorded		
<b>FOR FINAL CERTIFICATION</b>		
Documentary evidence of a first lien against everything financed by the loan (must include evidence of recordation or filing)		
All recorded interim assignments		
For FHA loans, original evidence of FHA acceptance of loan for insurance, signed by FHA		
For VA loans, original evidence of VA guaranty signed by VA		

The term "mortgage" as used in forms HUD 11711A and 11711B includes loans as referred to in this chapter.



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### **Section 30-4 (continued)**

#### **(B) For Approval by PPA and Ginnie Mae**

The pool and loan package documents required for approval by Ginnie Mae are the same as those discussed in Section 10-3, except that the issuer must also submit:

If a pool is submitted in a paper submission format, a prospectus in either form HUD 11728 (Appendix IV-8) or form HUD 11728-II (Appendix IV-24).

The pool and loan package documents required for approval by Ginnie Mae are summarized in the following table.

DOCUMENT NAME	FORM NUMBER	APPENDIX
Schedule of Subscribers and Ginnie Mae Guaranty Agreement	HUD 11705	III-6
Schedule of Pooled Mortgages	HUD 11706	III-7
Master Servicing Agreement	HUD 11707	III-1
Master Agreement for Servicer's Principal and Interest Custodial Account	HUD 11709	III-2
Master Agreements for Servicer's Escrow Custodial Accounts	HUD 11720	III-3
Master Custodial Agreement	HUD 11715	III-4
Prospectus (for pools submitted in paper format)	HUD 11728 or 11728-II	IV-8 or IV-24

#### **(C) Insurance Coverage**

The issuer must have in its possession a valid standard policy of insurance for fire and extended coverage, or comparable insurance coverage, for each manufactured home and for each combination manufactured home and lot.

This coverage must be in an amount equal to the unpaid balance of the obligation or the value of the manufactured home or combination manufactured home and lot, whichever is less, with loss payable endorsements designating the issuer as payee. The policies must include a standard mortgage clause insuring the interest of Ginnie Mae, its successors, and assigns as well as that of the issuer and the homeowner.

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### 30-5: THE SECURITIES

Preparation and delivery of securities through the depository are described in Chapter 12. The text of MH securities held in certificated form is set forth in Appendix IV-13 for the Ginnie Mae I MBS Program and Appendix IV-25 for the Ginnie Mae II MBS Program. A partial statement of the terms of MH securities held in uncertificated form is set forth in Appendix IV-19 for the Ginnie Mae I MBS Program and Appendix IV-27 for the Ginnie Mae II MBS Program. This section describes additional requirements for securities backed by MH pools.

The securities issued in connection with a MH pool must bear a single rate, even though the pool may include loans that bear different face interest rates, and may include all FHA-insured loans, all VA-guaranteed loans, or a combination of FHA and VA loans. The rate on the securities must satisfy the following requirements:

- (A) The rate must be a multiple of .25 percent (e.g., a rate of 9.25 percent is acceptable; a rate of 9.05 percent is not acceptable).
- (B) FHA-Insured loans (mortgage insurance premium is collected by interest rate adjustment):

For manufactured home loans secured only by a manufactured home, the securities rate must be at least 3.25 percent lower than the lowest face rate on the loans but not more than 4.75 percent lower than the highest face rate.

For combination manufactured home and lot loans, the securities rate must be at least 2.75 percent lower than the lowest face rate on the loans, but not more than 4.25 percent lower than the highest face rate.

- (C) FHA-insured loans (mortgage insurance premium is collected from the borrower as an incremental payment included in the total monthly installments due from the borrower):

For manufactured home loans secured only by a manufactured home, the securities rate must be at least 2.75 percent lower than the lowest face rate on the loans but not more than 4.25 percent lower than the highest face rate.

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### *Section 30-5(C) (continued)*

For combination home and lot loans, the securities rate must be at least 2.25 percent lower than the lowest face rate on the loans but not more than 3.75 percent lower than the highest face rate.

(D) VA-guaranteed loans:

For manufactured home loans secured only by a manufactured home, the securities rate must be at least 2.75 percent lower than the lowest face rate on the loans but not more than 4.25 percent lower than the highest face rate.

For combination home and lot loans, the securities rate must be at least 2.25 percent lower than the lowest face rate on the loans but not more than 3.75 percent lower than the highest face rate.

### **30-6: POOL AND LOAN PACKAGE ADMINISTRATION**

General pool and loan package administration requirements for all pool types are described in Chapters 14 through 20. This section describes additional requirements for the administration of MH pools and loan packages.

When loans with different face interest rates are included in a single pool or loan package, the issuer must either:

- (A) prepare for each pool or loan package a separate Issuer's Monthly Accounting Report, form HUD 11710-A (Appendix VI-4) each month for each group of loans with the same interest rate and submit only a summary Issuer's Monthly Accounting Report, form HUD 11710-A, totaling all the forms HUD 11710-A for the pool or loan package; or
- (B) prepare a single form HUD 11710-A each month using the "weighted average interest rate," which is described in the instructions to Appendix VI-4.

